

REMARKS

This Application has been carefully reviewed in light of the Final Office Action dated April 7, 2009 ("Final Office Action"). Claims 1-11, 34-35 and 40-45 are pending in the application. The Examiner rejects Claims 1-11, 34-35 and 40-45. Applicants have amended Claims 1, 34, and 40. Applicants respectfully request reconsideration and allowance of all pending claims.

Summary of Examiner Interview

Applicants' attorneys, Samir A. Bhavsar and Ming H. Shui, conducted a telephone interview with Examiner Felten on June 11, 2009. Pursuant to M.P.E.P. ch. 713.04, Applicants submit this summary of the telephonic interview to record Applicants' understanding of the substance of the interview. If Applicants' understanding is inaccurate, notice of such is appreciated.

Attorneys for Applicants thank the Examiner for the courtesy of his telephone interview. During the interview, Applicants discussed the finality of this office action and the Examiner's rejections under 35 U.S.C. § 112, 35 U.S.C. § 101 and 35 U.S.C. § 102. Applicants presented substantially the same arguments as set forth below in the Response. The Examiner agreed to withdraw the finality of the Final Office Action. The Examiner indicated that adding a "central controller" would likely overcome the 35 U.S.C. § 101 rejection, but would need to see Applicants' arguments. No agreement was reached with respect to the 35 U.S.C. § 112 and 35 U.S.C. § 102 rejections.

The Finality of this Office Action is Improper

Applicants appreciate the Examiner's agreement to withdraw the finality of the Final Office Action.

Claim Rejections - 35 U.S.C. § 112

The Examiner rejects Claims 1-11, 34, 35 and 40-45 under 35 U.S.C. § 112, second paragraph, as being incomplete for allegedly omitting essential steps and also for allegedly omitting essential structural cooperative relationships of elements. Applicants traverse these rejections.

A. Applicants do not omit essential steps.

As described in M.P.E.P. ch. 2172.01, omitting essential steps is a rejection under 112, first paragraph. The incorrect cite notwithstanding, an essential step is defined by the M.P.E.P. as a “feature which is taught as critical in a specification and is not recited in the claims.” Moreover, “an enablement rejection based on the grounds that a disclosed critical limitation is missing from a claim should be made *only when the language of the specification makes it clear that the limitation is critical for the invention to function as intended*. Broad language in the disclosure, including the abstract, omitting an allegedly critical feature, tends to rebut the argument of criticality.” M.P.E.P. ch. 2164.08(c) (emphasis added). Applicants have not described any element as being critical to the invention and request the Examiner identify any such language in Applicants’ Specification if he disagrees.

B. Applicants have not omitted essential structural cooperative relationships of elements.

Essential elements are defined by the M.P.E.P. as those elements that the language of the specification makes clear are critical for the invention to function as intended. M.P.E.P. ch. 2164.08(c). The absence of such language rebuts the argument of criticality. *Id.* Moreover, the very section the Examiner cites states that such interrelationships are not critical. M.P.E.P. ch 2172.01 (citing *Ex parte Nolden*, 149 USPQ 378, 380 (Bd. Pat. App. 1965) (“[I]t is *not essential* to a patentable combination that *there be interdependency* between the elements of the claimed device or that all the elements operate concurrently toward the desired result”); *Ex parte Huber*, 148 USPQ 447, 448-49 (Bd. Pat. App. 1965) (A claim does not necessarily fail to comply with 35 U.S.C. 112, second paragraph where the various elements do not function simultaneously, are not directly functionally related, do not directly intercooperate, and/or serve independent purposes) (emphasis added)). As Applicants have not described any element as being critical to the invention, the M.P.E.P. does not require Applicants to provide cooperative relationships of elements.

C. Applicants have amended Claims 1, 34, and 40

Although Applicants disagree with the Examiner that Claims 1, 34 and 40 omit essential steps and essential structure, in order to advance prosecution, Applicants have made clarifying amendments to Claims 1, 34, and 40.

Accordingly, Applicants request that the Examiner withdraw the rejections of Claims 1-11, 34, 35 and 40-45 under 35 U.S.C. § 112.

Claim Rejections - 35 U.S.C. § 101

The Examiner rejects Claims 1-11, 34-35 and 40-45 under 35 U.S.C. § 101 because the claimed invention is allegedly directed to non-statutory subject matter. Applicants have amended Claims 1, 34, and 40 rendering this rejection moot. The addition of a “central controller” meets the machine prong of the “machine or transformation” test as articulated in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008). Accordingly, Applicants request reconsideration and allowance of independent Claims 1, 34, and 40 and their dependent Claims.

Claim Rejections - 35 U.S.C. § 102

The Examiner rejects Claims 1-11, 34, 35 and 40-45 under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 7,152,042 to Arkes (“*Arkes*”). Applicants traverse this rejection and respectfully request reconsideration and allowance of all pending claims.

Applicants submit that *Arkes* fails to disclose “determining an auction pricing discount factor based at least on merchandise being auctioned and the time period of the auction” as recited in amended Claim 1. The Examiner asserts that for Claim 1, “*Arkes* discloses a method for receiving points from a customer using a computer terminal for merchandise being offered in the auction.” Final Office Action at page 5. Assuming the Examiner’s assertion is correct (for argument’s sake, and not by way of concession), receiving points from a customer using a computer terminal for merchandise being offered in the auction does not determine an “auction pricing discount factor,” let alone an “auction pricing discount factor based at least on merchandise being auctioned and the time period of the auction,” as recited in amended Claim 1.

Moreover, *Arkes* fails to disclose “applying the auction pricing discount factor to a cost of the merchandise,” as recited in Claim 1. As Applicants argued above, *Arkes* does not disclose an “auction pricing discount factor.” Therefore, *Arkes* cannot disclose “applying the auction pricing discount factor to a cost of the merchandise.”

Finally, *Arkes* does not disclose “setting the minimum opening bid price in reward points based on the determined minimum opening bid price,” as recited in Claim 1. *Arkes* discloses that “[o]ne or more points-to-dollars ratios are provided to enable sponsors to set

minimum point bids for auction items.” *Arkes* at col. 8, lines 32-34. However, that does not disclose that the “minimum opening bid in reward points” is “based on the determined opening bid price,” as recited in Claim 1.

The Examiner continues to impermissibly ignore Applicants’ claim elements in violation of the M.P.E.P. and Federal Circuit case law. Instead, the Examiner merely summarizes Applicants’ claims while ignoring explicitly recited elements such as the “auction pricing discount factor” based at least on “merchandise being auctioned and the time period of the auction,” recited in Claim 1. “All words in a claim must be considered in judging the patentability of that claim against the prior art.” *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970); M.P.E.P. ch. 2143.03. The Examiner failed to consider all the words of Claim 1. This is clearly impermissible.

The Examiner cites highly generalized portions of the *Arkes* reference relating to online auctions without regard to specific elements of Applicants’ claims as described above. Final Office Action at page 5. For example, the cited portions of *Arkes* disclose that participants are “provided on-line bid access to the set of auction items designated for the auction” and “may bid upon an auction item.” *Arkes* column 1, line 55-column 2, line 14. Participants and sponsors “typically access the auction facilities through browsers running on personal computers having internet access capabilities.” *Arkes* column 3, lines 1-3. However, none of these portions of *Arkes*, which teach nothing more than accessing an on-line auction, disclose “determining an auction pricing discount factor based at least on merchandise being auctioned and the time period of the auction,” as recited in Claim 1. Applicants remind the Examiner that in order to show anticipation pursuant to 35 U.S.C. § 102, the Examiner must demonstrate that “**each and every element** as set forth in the claim is found . . . in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987). As explained above, the Examiner has failed to show “each and every element as set forth in the claim.”

For at least these reasons, Applicants request reconsideration and allowance of Claim 1 and its dependent claims. For substantially analogous reasons, Applicants request reconsideration of independent Claims 35 and 40 and their dependent claims.

CONCLUSION

Applicants have made an earnest attempt to place this case in condition for allowance. For the foregoing reasons and for other reasons clearly apparent, Applicants respectfully request reconsideration and full allowance of all pending claims.

If there are matters that can be discussed by telephone to further the prosecution of this Application, Applicants invite the Examiner to call the undersigned attorney at (214) 953-6581 at the Examiner's convenience.

Applicants believe that no fees are due. However, the Commissioner is hereby authorized to charge any fees or credit any overpayment to Deposit Account No. 02-0384 of Baker Botts L.L.P.

Respectfully submitted,

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